Jean Monnet Center of Excellence European Financial Resilience and Regulation

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NEWSLETTER

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1. Latest EU financial regulation news

• VAT in the Digital Age (ViDA)

To modernize the current VAT system, European authorities have finished the adoption process of the "VAT in the Digital Age" (ViDA) initiative. Before the package of measures was published in the EU's Official Journal, it was recently approved by the EU Council. Although the suggested measures will be implemented progressively, the reform will last until 2035 inclusive. Twenty days after publication, the first measure will take effect.

The package's principal modifications seek to standardize digital reporting and electronic invoicing at the EU level, modify the way online travel or lodging platforms handle VAT, and streamline VAT registration by implementing a single registration code. The impact of the proposal, which was hotly discussed from the beginning to its acceptance, is anticipated to be 11 billion euros annually (amounts recovered by Member States from uncollected VAT) over the following 10 years. Eventually, it reached the required consensus from the Member States. Additionally, according to the European Commission, businesses will save 12.8 billion euros annually due to lower administrative costs associated with registration and VAT compliance.

Three central pillars constitute the foundation of the ViDA reform.

Digital VAT reporting, as well as electronic invoices: Instead of requiring a derogation from the EU Council, Member States will be able to implement electronic invoicing for local transactions within 20 days of publication in the EU's Official Journal (April 2025). It is anticipated that this will cause numerous EU Member States to adopt electronic invoicing policies more quickly. To standardize the system at the EU level, the following steps will go into effect on July 1, 2030.

As a result, organizations will begin communicating data digitally to tax authorities in a predetermined format and will issue electronic invoices, including for cross-border operations. To enable real-time cross-checks on stated VAT data, national tax authorities will communicate data through a new IT system known as the Central VIES system. This system will be based on the current European standard for electronic invoicing. There will be no more recapitulative declarations on intra-community transactions thanks to this digital reporting. In these cases, the ViDA package should result in the harmonization of electronic reporting and invoicing systems at the EU level by January 1, 2035, and Member States that have domestic electronic invoicing systems in place or in the process of implementing them ought to conform to European standards.

New VAT regulations for internet platforms: Suppose their service providers (such as homeowners) do not pay VAT themselves. In that case, operators of online platforms that provide short-term rental lodging or road passenger transport services will be responsible for collecting and paying VAT as of July 1, 2028. If the provider states to the platform that it will charge VAT for the service and gives the platform a valid VAT number from the Member State where the service is rendered, the regulation won't be applicable. Furthermore, from a VAT perspective, the reform aims to clarify whether platforms' facilitation services—that is, the site where the rental or transportation services would be provided—would be liable to taxation. These new rules will have a significant effect on online travel and accommodation platforms. On the one hand, they will need to modify their procedures to distinguish between suppliers who are not registered for VAT and those that follow special exemption regimes.

Extension of the One-Stop-Shop concept (OSS). This pillar's goal is to simplify the administrative processes for VAT registration for organizations that conduct business outside the Member State where they are established. A component of the associated measures aims to expand the concept of a "One Stop Shop" (OSS), which suggests that VAT owed in many Member States can be collected or paid more easily using a single code, specifically a single VAT declaration. By doing this, several VAT registrations in the nations where actual consumption occurs are avoided. Based on the success of the 2021 e-commerce project, the OSS mechanism will also be expanded to include B2C supply of gas, electricity, and other comparable energy items as of January 1, 2027. After that, on July 1, 2028, the present OSS scheme will be expanded to include a greater number of transactions, such as cross-border transfers of commodities, for which there will no longer be any need for VAT registration and reporting. Therefore, by expanding the one-stop shop, more businesses will be able to adhere to VAT regulations in a single language and through a single online gateway, saving money and reducing red tape.

By removing extra reporting requirements for non-resident suppliers, the EU's alignment of these regulations should help streamline transactions in several Member States. The current VAT system will undergo gradual modernization over the next few years as a result of the ViDA package of initiatives. Since the reform is broad and will include global corporations, they must examine the measures that have been published, consider how they may affect their organizational structures, and modify their internal processes and policies to accommodate the changes.

More information at:

https://taxation-customs.ec.europa.eu/taxation/vat/vat-digital-age-vida_en

https://taxation-customs.ec.europa.eu/news/adoption-vat-digital-age-package-2025-03-11_en

- **Directive DAC9: Enhancing Administrative Cooperation in the European Union's Tax Framework**

Through a series of changes to the Directive on Administrative Cooperation in the sphere of taxes (DAC), the European Union (EU) has continuously worked to combat tax dodging and profit shifting. The DAC has undergone numerous expansions since its original approval in 2011 (Directive 2011/16/EU), encompassing topics like country-by-country reporting, cross-border tax rulings, and the automated exchange of financial account information. The EU's commitment to incorporating global tax advances into its internal market is reflected in the most recent revision, Directive (EU) 2025/872, also known as DAC9. DAC9 specifically establishes a standardized mechanism for information sharing as part of the OECD/G20 Pillar Two project on global minimum taxation.

It is necessary to comprehend DAC9 in light of worldwide tax reform. The Global Anti-Base Erosion (GloBE) regulations, established by the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS), require multinational enterprise (MNE) groups with consolidated annual revenues of at least €750 million to maintain a minimum effective corporate tax rate of 15%. Although Pillar Two regulations have already been implemented by EU Member States in accordance with Council Directive (EU) 2022/2523, DAC9 provides the administrative framework for doing so. Its primary goals are to:

1. *Create a Top-up Tax Information Return (TTIR)* that harmonizes MNEs' reporting requirements. Instead of filing numerous reports in various jurisdictions, this instrument enables the parent entity of a group—or another selected entity within the group—to file a single consolidated return. It is anticipated that this will minimize duplication and lower compliance expenses. International uniformity is ensured by the TTIR format's alignment with the OECD's GloBE Information Return (GIR). Legal certainty and Member State control are protected because, in contrast to earlier versions of DAC, changes to the TTIR template must be approved by the Council through a formal legislative amendment rather than through delegated actions of the Commission.

2. To make it *easier for the tax authorities of Member States to exchange TTIR data automatically*. A secure digital method is used to automatically exchange the TTIR between the competent authorities of Member States after it has been lodged. By improving openness, this technique enables tax administrations to determine whether top-up taxes are correctly computed and collected. The need for fast data circulation is reflected in the directive's requirement that subsequent exchanges must occur within three months of the filing date. In contrast, initial exchanges may occur within six months.

3. To *lessen administrative strain on companies by using streamlined and centralized reporting systems*. Acknowledging the intricacy of the GloBE regulations, DAC9 presents a simplified reporting system that is accessible for use up until fiscal years that start before December 31, 2028. Instead of providing complete adjustments, groups may submit aggregate or net statistics under this system. This aligns with the OECD's transitional safe harbors, lessening the burden of compliance during the early implementation stage.

By December 31, 2025, Member States must enact DAC9's provisions into national law. By the end of that year, the first TTIR must be completed by June 30, 2026, and the first automated exchanges must be completed by the same date. Crucially, the regulation ensures uniformity throughout the Union by applying even to Member States that have used the delay option under Article 50 of Regulation (EU) 2022/2523. Building on earlier DAC amendments, DAC9 institutionally fortifies the framework of collaboration between tax administrations but also places a greater focus on the digitization and standardization of tax data.

Regarding *International Businesses*, the directive enables a centralized filing method, which reduces fragmentation. However, it also entails numerous responsibilities related to digital reporting, data collection, and reconciliation. To ensure uniformity between tax reporting and financial accounting data, MNEs must modify their internal systems to conform to the TTIR standard. Regarding *Tax Administrations*, the ability of tax authorities to monitor adherence to the global minimum tax is enhanced by DAC9. It strengthens the EU's position against detrimental tax competition and reduces the risks of information asymmetry by standardizing data exchange. However, handling the massive amounts of standardized data also necessitates a considerable investment in administrative infrastructure and training.

Therefore, DAC9 is a procedural improvement intended to ensure Pillar Two's efficient operation within the Union, rather than a substantive tax reform.

More information at:

https://taxation-customs.ec.europa.eu/taxation/tax-transparency-cooperation/administrative-co-operation-and-mutual-assistance/directive-administrative-cooperation-dac_en

https://taxation-customs.ec.europa.eu/news/administrative-cooperation-taxation-council-adopts-dac9-2025-04-14_en

2. United States-European Union framework on an agreement on reciprocal, fair and balanced trade

US President Donald J. Trump and European Commission President Ursula von der Leyen reached a trade and tariff agreement, the European Commission said in a statement on Tuesday, July 29, 2025.

The transatlantic alliance is the world's most significant bilateral relationship in terms of trade and investment, and it is an essential conduit for international trade. The value of goods and services traded between the US and the EU has doubled in the last ten years, reaching over €1.6 trillion in 2024 (€867 billion for goods and €817 billion for services). This indicates that more than €4.2 trillion worth of goods and services are transported over the Atlantic daily. Mutual investment is the foundation of this extensive and profound collaboration. EU and US companies invested €5.3 trillion in each other's markets in 2022.

The core provisions of the treaty concern the US, the EU, and third countries.

A. *U.S. Tariff Structure*: A *15% tariff ceiling* applies to most EU exports to the U.S., encompassing key sectors including automobiles, semiconductors, and pharmaceuticals—standardizing tariffs and canceling “stacked” duties. Exceptionally, steel, aluminum, and copper retain *50% tariffs,* though plans exist to transition toward quota-based management. Certain items—including aircraft and parts, generic pharmaceuticals, select chemicals, and natural resources—are subject only to MFN (Most Favored Nation) tariffs, effectively maintaining tariff-free access.

B. *EU Commitments*. The EU agrees to buy *$750 billion in U.S. energy* (LNG, oil, nuclear) over several years, strengthening energy ties. It also pledges *$600 billion in new investments* into the U.S. economy. Furthermore, the EU will purchase "substantial" amounts of *U.S. military equipment*, though details remain imprecise.

C. *Non-Tariff and Regulatory Frameworks.* The agreement encompasses commitments to reduce non-tariff barriers, including harmonizing automotive and sanitary standards and mutual recognition of conformity assessments.

Implications for the EU and the US are significant for all the parties to the treaty.

A. *Transatlantic Trade Stability*. The new framework replaces uncertainty with predictability. The 15% tariff cap reassures businesses and averts a potential tariff war.

B. *Sectoral Balance*. While reducing tariffs broadly, the deal maintains high protection for metals—a nod to concerns about industrial overcapacity. The approach attempts to preserve sensitive sectors while extending access to energy, semiconductors, and pharma.

C. *Strategic Rebalancing*. EU commitments for energy procurement and investment can be seen as strategic concessions aimed at preserving a broader bilateral framework. Skeptics argue that the deal disproportionately benefits U.S. interests, igniting debates over its equity.

Implementations are based on the 15% tariff structure, which relies on U.S. executive orders and similar EU legislative processes. The EU has already begun preparing relevant legal adjustments. Areas such as agriculture (e.g., wine, spirits) and precise military investment commitments remain under negotiation. Further dialogue will be necessary to translate the political framework into binding agreements.

The July 2025 U.S.–EU trade agreement constitutes a strategic political framework designed to replace escalation with measured cooperation. Its core achievement is the introduction of a uniform 15% tariff and the stabilization of a previously volatile trade context. In exchange, the EU commits to substantial energy purchases and investment, signaling a preferential economic pivot toward the U.S. Yet, the agreement's durability depends on broader treaty drafting, legislative backing, and its ability to address unresolved sectoral sensitivities. It also underscores the geopolitical dimensions inherent in trade diplomacy, where economic terms intersect with industrial strategy, regulatory autonomy, and the balance of global influence.

More information at:

https://ec.europa.eu/commission/presscorner/detail/en/qanda_25_1930

https://policy.trade.ec.europa.eu/news/joint-statement-united-states-european-union-framework-agreement-reciprocal-fair-and-balanced-trade-2025-08-21_en

3. Horizon Europe 2025: Strategic Directions and Implementation Dynamics

Horizon Europe will replace Horizon 2020, the European Union's leading research and innovation (R&I) initiative for the years 2021–2027. In line with the global Sustainable Development Goals, it aims to advance innovation, enhance scientific excellence within the EU, and address pressing societal issues. The program has made approximately €43 billion in awards to more than 15,000 projects as of early 2025, making a substantial contribution to the research and innovation environment in Europe.

Three interconnected strategic orientations are used in this strategy to improve the program's policy direction: 1. The Green Transition; 2. Digital Transition; 3. A more robust, competitive, democratic, and inclusive Europe. Stronger thematic targets are also introduced in the plan, including 10% of Horizon Europe's overall funding for programs promoting biodiversity and a pledge to allocate 35% of total spending to climate-related initiatives. Approximately €13 billion will be allocated for digital innovation initiatives during the Research and Innovation program timeframe.

The 2025 Work Programme converts strategic objectives into projects and financing requests for operations:

a. *The scope and scale of funding:* The program allots over €7.3 billion to a variety of areas, such as science infrastructure, health, culture, security, and green and digital transitions (Digital Transition/Strategic Technologies: around €1.5 billion, with ~€1.4 billion allocated to AI, biotech, quantum, and other related fields; Green Transition: approximately €2 billion; Infrastructure, talent, security, and health: about €2 billion)

b. *Support for Climate, Energy & Mobility Cluster 5* consists of a series of theme calls targeting climate resilience, renewable energy, sustainable transport, and smart mobility, with a total of €636.6 million in targeted calls. A two-step submission method is used in specific calls to encourage broader participation.

c. *Missions and Health Research.* A strong dedication to public health innovation is reflected in the focused calls under Cluster 1: Health. Fighting antibiotic resistance (phage therapy), the effects on the environment, the use of GenAI in pandemic preparedness, and clinical interventions for susceptible groups are some of the subjects covered. Additionally, the EU Mission on Cancer has issued fresh calls for applications for 2025, with a deadline of September 16, 2025. These calls encompass topics such as clinical and translational research and support national mission hubs. Additionally, the Cities and Cancer Missions provide €53 million in financing to the Climate-Neutral and Smart Cities Mission, with comparable proposal deadlines.

d. *Infrastructure and Research Careers Funding* actively promotes the growth of researchers and the strengthening of institutional capacity: Marie Skłodowska-Curie Actions (MSCA) provide €1.25 billion to fund employee exchanges, doctorate networks, postdoctoral scholarships, and programs like MSCA4Ukraine and the European Research Executive Agency's public science outreach; The European Research Executive Agency has allocated €400.5 million for research infrastructure initiatives that would increase researchers' access to technologies that are ready for innovation.

e. *Facilitating SME Support & Access.* Inclusion and administrative simplicity are essential components of this work program, as the implementation of lump-sum awards, which account for 35% of the financing, streamlines the financial process for applicants, using calls that are open-ended and have briefer explanations.

Global Positioning and Strategic Measures. Attracting Talent: To attract top researchers from around the world, especially those displaced by funding cuts in the United States, a new initiative called "Choose Europe for Science" is investing €500 million (2025–2027) in Select Science in Europe. This includes long-term grants and incentives for member states to meet a 3% GDP R&D investment target by 2030.

More information at:

https://research-and-innovation.ec.europa.eu/funding/funding-opportunities/funding-programmes-and-open-calls/horizon-europe/strategic-plan_en

https://data.europa.eu/en/publications/datastories/promising-horizon-how-2025-2027-horizon-europe-strategic-plan-will-shape

4. CJEU. C 367/24 | Telekom România Mobile Communications. Obligation to treat internet traffic equally and without discrimination.

Reference for a preliminary ruling — Electronic communications — Article 3(3) of Regulation (EU) 2015/2120 — Open internet access — Providers of internet access services — Obligation to treat traffic equally and without discrimination, restriction or interference — Reasonable traffic management measures

The request for a preliminary ruling relates to the interpretation of Article 3 of Regulation (EU) 2015/2120[1] and was made by the High Court of Cassation and Justice of Romania in proceedings between *Telekom România Mobile Communications S.A.* and the National Authority for the Administration and Regulation of Communications of Romania (ANCOM), on the one hand, regarding a decision by which the latter found that a pricing option proposed by the former was incompatible with the obligations arising from EU law and ordered it to remove any discriminatory treatment related to video streaming in comparison to other traffic categories. All traffic categories gain from the initial speed in the case that the customer in question deactivates the corresponding incentive; nonetheless, the monthly data volume used is subtracted from the volume subscribed to in the tariff above or invoiced.

In its August 2018 ruling, ANCOM determined that Telekom Romania Mobile Communications must remove the "*Bonus Net Nelimitat*" rate option since it creates a traffic control mechanism that violates Article 3(3) of Regulation 2015/2120.

In a civil judgment dated May 26, 2021, the Bucharest Court of Appeal in Romania supported Telekom România Mobile Communications' suit for annulment against the decision as mentioned above.

The court basically decided that video streaming is a type of traffic that is objectively distinct from other types of traffic, and that the "Bonus Net Nelimitat" tariff option is a transparent, non-discriminatory, proportionate, short-term traffic management measure that is based on the technical quality of service requirements of traffic categories that are objectively distinct rather than on business considerations. ANCOM filed an appeal with the referring court, the High Court of Cassation and Justice of Romania, against this civil ruling.

In essence, the referring court asks whether Article 3 of Regulation 2015/2120 must be interpreted as prohibiting an option for unlimited internet access, at no additional cost, that an internet access service provider offers its customers. When activated, this option allows customers to use video streaming services without deducting the data volume from the data volume included in the basic monthly subscription. However, it limits the bandwidth applied to that content, regardless of its broadcasters or providers, in relation to the bandwidth used for other categories of traffic. When those customers do not activate that option, however, all traffic, including video streaming, benefits from the same bandwidth, and the data volume used is subtracted from the volume those same customers subscribed to.

As stated in Article 1 of Regulation 2015/2120, the Court believes that the various provisions of Article 3 of that regulation are meant to ensure that traffic is treated equally and non-discriminatorily when internet access services are provided, as well as the associated rights of end users (Judgement of 15 September 2020, Telenor Magyarország, C 807/18 and C 39/19[2], paragraph 27, and judgment of 2 September 2021, Telekom Deutschland, C 34/20[3], paragraph 24).

According to the Court, it is essential to clarify that the general obligation outlined in Article 3(3) of Regulation 2015/2120's first subparagraph aims to do more than make sure internet access service providers don't discriminate against various broadcasters or content providers, apps or services, but more generally, to guarantee that all broadcast or consulted content, as well as any apps or services offered or utilized by an internet access service, are treated equally.

Since all internet traffic, including video streaming, benefits from the same bandwidth when that option is deactivated, the Court argues that a measure that restricts the bandwidth applied to video streaming when a tariff option is activated, relative to that used to other categories of traffic, operates a distinction within traffic that may violate that general obligation.

However, as can be seen from the second subparagraph of Article 3(3) of that regulation, if a measure meets the requirements to be categorized as a "reasonable traffic management measure" under that provision, it may be put into effect and distinguish between objectively distinct categories of traffic. If those requirements are not met, the measure may still be put into effect if it is covered by one of the three exceptions specified in detail in the third subparagraph of Article 3(3) of that regulation, which in this case is the one mentioned in point (c) of that provision.

But only if the technical conditions under which a traffic management measure is applied to a particular category of traffic satisfy the technical quality of service requirements unique to that category of traffic can that measure be deemed to be based on such objective distinctions.

Based on commercial considerations, the Court believes that a pricing option that separates traffic resulting from a bandwidth limitation applied to video streaming from any other traffic that does not fall under any of the exceptions allowed in the third subparagraph of

Article 3(3) violates the general duty to treat traffic equally, without discrimination, restriction, or interference, as stated in the first subparagraph of Article 3(3).

Therefore, in its ruling dated July 10, 2025, the Court states that Article 3 of Regulation (EU) 2015/2120 must be interpreted as prohibiting an option for unlimited internet access, at no additional cost, that an ISP offers to its customers. When activated, this option permits the use of video streaming services without deducting the amount of data used from the volume of data included in the basic monthly subscription. Still, it restricts the bandwidth allocated to that content, regardless of its broadcasters or providers, compared to that used for other categories of traffic. When those customers do not activate the option, however, all traffic, including video streaming, benefits from the same bandwidth, but the amount of data used is deducted.

More information at:

https://eur-lex.europa.eu/legal-content/ro/TXT/?uri=CELEX:62024CJ0367